

**WESTERN COPPER AND GOLD CORP.**

**Delegated Financial Authority (DFA) Policy**

**1. SCOPE**

This policy covers the Delegation of Financial Authority of Western Copper and Gold Corp (together with its subsidiaries, the “**Corporation**”), and sets out the authorization limits for budgeted and unbudgeted operating and capital expenditures and other financial transactions.

**2. POLICY**

The Corporation has established specific authorization limits for approving expenditures, purchase orders and contracts. This policy documents the approval and authorization requirements to initiate a purchasing commitment or to approve payments of funds. Appropriate authorization must be obtained prior to ordering goods and services and, in no event will payment be made prior to receiving proper authorization. Authorization limits are subject to periodic review and may change as circumstances require. Authorization limits are established by management and approved by the Board of Directors.

**3. GENERAL AUTHORIZATION LIMITS**

The Board reviews and approves a Consolidated Budget for the Corporation on an annual basis. Controls are required to ensure that expenditures that constitute material changes from Budget are authorized in advance of commitments being made. Any transaction exceeding the limit approved for the CEO requires prior specific Board approval. Matters requiring the Board’s approval must be submitted to the CEO with sufficient advance notice to obtain the Board’s approval.

Set out in the table below are the levels of authorization limits and the authorized signatories (the “**Authorized Signatories**”) determined by the Corporation:

Levels	Titles	Operating & Capital Expenditures		Other Transaction Types
		Budgeted	Unbudgeted	
Level 1	CEO/CFO/COO	Up to \$4,000,000	Up to \$250,000	Up to \$250,000
Level 2	Vice President	Up to \$750,000	Up to \$100,000	-
Level 3	Manager	Up to \$25,000	Up to \$25,000	-

*Note: All amounts are in Canadian dollars.*

The above limits are for any one transaction or series of connected transactions which will be considered on an aggregate basis.

A. Spending on Items Included in Budget (excluding Capital Expenditure)

- Purchases, requisitions, cheque requests or other incurrence of obligations for materials, supplies, utilities, services, taxes, royalties and other ordinary and necessary expenses, require authorization as set out in the above table, provided this type of expenditure has been included in the Budget.

B. Spending on Items NOT Included in Budget (excluding Capital Expenditure)

- Unbudgeted items (other than excess spending arising from price fluctuations and activity levels – see above), one-time and non-recurring expenditures, require the approval of an Authorized Signatory as set out in the above table as well as one officer of the Company.
- For unbudgeted items greater than \$25,000, and for multi-year contracts that extend beyond the current budget period, an Authorization for Expenditure form (“AFE”) will be prepared by the head of department requiring the item, service or project. All AFEs will be approved by Authorized Signatories up to their limits per the table above along with one officer of the Company.

C. Capital Expenditures

- The overall authority for the Corporation’s capital expenditure program is based on the approval by the Board of the Consolidated Budget. Such approval

constitutes “approval in principle”. Specific authorization is required as and when spending is initiated.

- Items costing less than \$20,000, or a lower threshold if required for statutory purposes, will be expensed even if they are of a capital nature. If several items less than \$20,000 are aggregated to form part of a series of transactions which in total costs more than \$20,000, these will be combined and capitalized.
- For all capital expenditures greater than \$20,000 (including capital leases), an AFE will be prepared by employee requiring the item or project. All AFEs will be approved by the Authorized Signatories up to their limits.
- All AFE overruns require the approval of the Authorized Signatories. Overruns in respect of projects originally estimated as greater than \$100,000, require CEO approval and are governed by the limits in the above table. Overruns in respect of projects where the final total spending will not exceed \$100,000 may be approved by CFO.

*D. General*

- The person authorizing the expenditure is to determine whether the item is budgeted. In deciding whether to authorize a non-budgeted item, the person authorizing must, in consultation with the CEO or the CFO, take into consideration the cumulative spending position of the project or program for the fiscal year. The project cannot exceed the department budget in total.
- Planned annual exploration expenditures are approved by the Board as part of the Consolidated Budget.
- The CEO shall have authority to approve any tax payment required on behalf of the Corporation to a maximum of \$500,000. A payment in excess of this limit will require the approval of the Board.
- All multi-year contract pricing must be reviewed by the CEO or CFO.
- Other transaction types include, but are not limited to, insurance settlements, extraordinary tax remittances, corporate acquisitions or expenditures required to be made pursuant to court order or operation of laws where the failure to pay will result in additional costs to the Corporation.



#### 4. **BANKING**

Banking transactions are to be conducted in compliance with the limits set out below:

##### A. Transaction Limits

Daily total and per transaction total:

- \$1,000,000 USD
- \$1,000,000 CAD

*The above amounts do not apply to inter-company transfers.*

##### B. Responsibility

As long as expenditures and payments are approved in accordance with this DFA Policy, any two Officers listed below may approve, sign, authorize and conduct all banking transactions:

- CEO
- CFO
- COO
- Corporate Secretary

#### 5. **DISPOSITION APPROVAL LIMITS**

The sale or disposition of an asset of the Corporation shall require the approval of the Board if its sale price or its book value (or the aggregate sales price or book value of the assets to be disposed of as a program of which the asset is a part) is in excess of \$100,000. For the purpose of this paragraph, "book value" means the book value of the asset before any write-down including, without limitation, a mark-to-market adjustment, but after normal depreciation/amortization. Where a proposed disposition is part of an asset that is part of a group of substantially similar assets (e.g. securities of another corporation), the book value of the entire asset or group of assets shall be considered in determining whether the disposition requires Board approval, regardless of the book value or sale price.

#### 6. **CONTRACTS**

All contracts may be approved by the Authorized Signatories up to their delegated levels of authority, with the exception of all contracts in excess of a twelve month duration, or any contracts not in the ordinary course of business, including agreements relating to securities of the Corporation. These must be signed off by the CEO or CFO before being signed. All legal claims and settlements must be approved by the CEO or CFO.

## **7. DELEGATION AND REPORTING**

- The Authorized Signatories are authorized to delegate their authority in respect of budgeted and unbudgeted amounts up to their full approval limits to staff reporting to them. They will, however, remain responsible for all amounts expended under such delegated authority.
- A record of the authorization limits for employees must be maintained by the CFO.
- Every change in the delegation authority must be made in writing and requires the approval by CEO or CFO as appropriate. The DFA Request for Approval form (set out in Appendix I) is to be completed for this purpose.
- The Corporation shall maintain a proper system of expenditure approval and disbursement control. All expenditures must be approved by authorized individuals with the appropriate level of expenditure approval limit.
- Personal expense claims are required to be approved by the next level above the individual submitting the claim. Expense claims submitted by the Chairperson or CEO can be approved by the CFO.

## **8. EFFECTIVE DATE**

This policy shall be effective as of March 22, 2023

**Appendix I**

**Delegated Financial Authority - Request for Approval**

<b>Type of Change:</b>	<input type="checkbox"/> <b>Addition</b> <input type="checkbox"/> <b>Removal</b> <input type="checkbox"/> <b>Level Change</b> <input type="checkbox"/> <b>Title Change</b>
<b>Name:</b>	
<b>New Title:</b>	
<b>Authorization Limit:</b>	

<b>CEO/CFO Approval</b>	<b>Date</b>